Interview with George M. Bennsky Jr.

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

GEORGE M. BENNSKY, JR.

Interviewed by: Charles Stuart Kennedy

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Q: Today is January 19, 1993. This is an interview with George M. Bennsky concerning his Foreign Service career on behalf of the Association for Diplomatic Studies, and I am Charles Stuart Kennedy. George and I are old friends. We were in the Senior Seminar together back in 1974-75. George, I wonder if you could give me a bit about your background—when and where you were born, raised, educated, etc.?

BENNSKY: I was born in Hickory, North Carolina, December 22, 1923. I didn't live there very long, only about a year. We then went down to Georgia, to Atlanta, and then Macon.

Q: What was your father doing there?

BENNSKY: My father had been in World War I and had been wounded quite badly, he lost a leg. He was down there finishing up some of the schooling the USG was giving wounded veterans after World War I. He studied structural drafting at Georgia Tech and then went to work in Macon at Scofield Iron Works. The Depression came along when I was fairly young, just about the first grade, and my father lost his job. But because he was a wounded veteran he ended up getting something through the government in Charleston, South Carolina and then up here in Washington at the Navy's Bureau of Yards and Docks.

So I lived most of my life around Washington. Mainly in Maryland when I was young and later in Virginia when I worked first at Treasury and then at State.

Q: Where did you go to college?

BENNSKY: I went to college after World War II at the University of Maryland for two years and then the final two years at George Washington University in the foreign affairs program. Then I went on to get a Masters at the University of Michigan in international economics.

Q: To jump back a bit. You were just the right age for World War II. What did they get you doing?

BENNSKY: I was drafted in February, 1943. I was just finishing up the first quarter of my freshman year at the University of Maryland. They put me into the military police with the US Army Air Force and I ended up in India. I stayed in the CBI Theater...

Q: That was China, Burma, India.

BENNSKY: Yes, China, Burma and India from September 1943 until November 1945.

Q: What were you doing, military police?

BENNSKY: It was mainly providing security and maintaining order on and around air bases.

Q: Did you get any impression of India in those days?

BENNSKY: Oh yes. It was quite a shock to get off the troop ship in Bombay and see so many beggars and so many people in such dire straits. But, mainly we didn't see that much of the people. We were usually out in the boondocks some place, where the air bases were. Except there was a period when I spent a lot of time in the Bengal capital of

Dacca doing just general police duties in a city that was dominated by the military located at the major Tezgon air base.

Q: Did that give you any taste for foreign affairs?

BENNSKY: I had always been interested in foreign lands. But there is no doubt that my two years plus stay and travel around the subcontinent further wetted my appetite.

Q: Well, then you came back and what turned you towards economics?

BENNSKY: I had always wanted to be an engineer but when I came back I took some aptitude exams. They indicated that my aptitude was not strong in math and mechanics but was strong in the written word.

Q: You couldn't put the squiggle box together?

BENNSKY: Yes. I just didn't seem to have the mechanical aptitude and my mathematics were not that good. So I thought I would go into journalism and in fact that was what I was working on at Maryland. I was trying to get into Northwestern, which had a strong journalism department, but unfortunately Northwestern had decided it could only take students from Illinois or adjacent states. So, on the spur of the moment, I went over to George Washington and found that I could use all the credits I had accumulated in two years at Maryland. I entered their Foreign Affairs school, taking the economics option because I thought I could do better in that area and since I was really thinking of going into the business world anyway. After I got out I figured I needed a Masters, so I sent applications to five universities deciding on Michigan since I could get a Masters in one year. I was tired of going to school by this time. I got the Masters in international economics, with an emphasis on finance.

Q: What did you do after that?

BENNSKY: When I graduated in June 1950, there was a recession and it was hard to get interviews for a job in the private sector. The professor who was my counselor at Michigan was in D.C. on business and I had lunch with him. He suggested that I go to the International Monetary Fund because they were about to undertake the foreign exchange studies prior to establishment of the European Monetary Union, which led up to the European Community and all that. I was a researcher for the IMF economists preparing the studies.

Meanwhile, in the past I had put in an application for international finance work with the federal government. I was called by the Office of International Finance in Treasury because its responsibilities abroad were on the increase. They hired me. I went to work for them, mainly on Middle Eastern matters.

Q: When did you start in the Treasury then?

BENNSKY: In 1951.

Q: Had you had much time with the Monetary Fund?

BENNSKY: I was with the IMF from August 1950 until I left in March 1951.

Q: Did you get your teeth very much into the Fund?

BENNSKY: I was doing mainly the research work for the economists who were writing up the papers on what the European Monetary Union would mean to each of the member countries. There were a lot of problems with foreign exchange rates and about the financial and trade relationships between the nations. So, yes, I did learn quite a bit in working for them. It gave me a good on-the-job grounding beyond just college.

Q: What was your impression of Treasury in 1951, where it fit into the international field at that time? What we are trying to do is catch the spirit and feel for the period. What was going on then and how did it work?

BENNSKY: Treasury's international presence was limited to capitals where the US financial stake was particularly important. It had really grown up during and immediately following the war because of the fact that we were involved in a number of significant financial relationships with these countries. For example, I was told that Treasury people were on the submarine that went into the Philippines and pulled out the gold before the Japanese could get it.

Q: This was in early 1942 or late 1941.

BENNSKY: Yeah, something like that. It was Treasury people who were in the Middle East because we were providing silver to Ibn Saud. There were also financial operations in Turkey. So Treasury Reps had become pretty well established in the area.

What happened after the war was that the US got more and more involved in financial matters with other countries which it had not engaged in before. Treasury began to play a major role because nobody in the Foreign Service, or elsewhere, knew the first thing about all this business of international finance, balance of payments, foreign exchange controls and rates, etc.

One of the big things that was going on, for example, was the whole financial vulnerability of Great Britain and what was happening to the pound. There was a major effort on the part of the United States to help them in the stabilization of their exchange rates and reserves.

We had offices in the embassies in London, Paris, Rome, Cairo (later moved to Beirut) and in other selected capitals. These offices provided the embassies and AID and

Marshall Plan missions with professionals who could deal with balance of payments and budgetary problems and foreign exchange problems and that sort of thing.

I ended up staying in Washington only from March 1951 to the end of June 1952 when I went out to the Middle East.

Q: Where did you go?

BENNSKY: I went to Beirut. The office had moved from Cairo to Beirut after riots that had taken place in Cairo.

Q: This was when they burned down the Shepherd's Hotel and all that sort of stuff.

BENNSKY: Yes. They moved the office to Beirut which was a great place in those days. I stayed out there four years.

Q: Could you describe what the situation was like in Beirut in 1952-56 when you were there?

BENNSKY: It was delightful. There were never any problems in Beirut. Everybody came through Beirut because it was such a nice place to come to. It had all kinds of amenities, nice hotels, restaurants. It was beautifully located. The Lebanese were the merchants and the financial center of the Middle East. You couldn't have been in Beirut at a better time then in the fifties. It was a delicately balanced country because it had more of a Muslim population than it had a Christian one. However, the Christians always had the Presidency while the Sunni Muslims always had the Prime Minister. They had learned to live together as a conglomeration of minorities. Within the Christian community you had Armenians, regular Catholics, Maronites, etc. You had different kinds of Muslims too, Sunnis and Shiites. You had Druze, who are throw backs to an earlier religion, and a powerful force in certain parts of the country. Unfortunately in the sixties too many Palestinians entered,

after King Hussein threw them out of Jordan, and this upset the balance and ruined a great city.

Q: What were your concerns?

BENNSKY: My concerns were the concerns of embassies and AID missions about the financial situations in their Middle East countries. We traveled all the time. There were three of us there for my first two years and then it came down to two of us and then finally I was the only one left, I closed the office in February 1956.

We went where we were needed. Usually we received a telegram from the economic section of an embassy or from an AID mission to come in and help them because they were working on a certain problem and wanted a Treasury Rep to do the balance of payments, the foreign exchange, the trade and the budgetary aspects of the work. I spent a lot of time in virtually all the Middle East countries. I was out of town perhaps 75 per cent of the time.

There was a period when I spent weeks and months at a time in Iran. That was after the Shah came back.

Q: This was after Mossadegh...?

BENNSKY: After Mossadegh was out the Shah came back.

Treasury people were up there all the time because Henderson wanted somebody in Treasury up there all the time...

Q: This is Loy Henderson, who was our Ambassador.

BENNSKY: ...Because of the fact that we were providing a lot of financial aid to Iran to support the Shah. The US was trying to help Iran overcome the tremendous financial and economic mess from the Mossadegh period. There were lots of financial problems to be

assessed and responded to. I used to go up there and stay for two or three months. It wasn't a pleasant place to stay back in those days, either.

Q: What was your impression of Loy Henderson?

BENNSKY: He was a very professional diplomat, no doubt about that. He and Bill Rountree, his deputy, managed a very strong Embassy and one that I think did a commendable job.

Q: It must have been a difficult period because we were apparently supplanting the British as far as being the prime movers and shakers as an outside influence in Iran. Did you have that feeling there?

BENNSKY: Yes. But the British had sort of moved out anyway. I mean, they had decided they couldn't handle this Greek-Turkish-Iranian thing back in Truman's days. But they still had a big embassy there, so did the Russians. These were massive compounds. They looked like they had been there forever. You went into the British compound and felt you were back in England again. The Russian compound, which I never got into, had a big wall around it and looked like you would expect it to from the outside. Yes, there was a lot of concerns about Iran. We weren't that far away from the time when they were down into the Kurdish part...

Q: The Russians...

BENNSKY: Yes, the Russians. I'm talking about 1953-54.

Q: I think it was 1946 or 1947 when we finally got the Soviets to pull out of northern Iran.

BENNSKY: We were very serious about that. I had gotten involved with Iran back when I first went to work at Treasury. In 1951 Iran was having a knockdown drag out with Anglo-Iranian Oil Company. I spent an interminable amount of time at the State Department going to meetings on that problem alone, trying to figure out what we could do to influence

the situation, which was very little. I always felt back in those days, and I still feel today, and I gather from some of the things I have seen and read, that the British just never figured out...they kept missing the trains and they could stay at that station all they wanted, but the train was never going to come back to that station. By the time they were willing to make any kind of concession, it was too late. But those were rather exciting days even in Washington.

Q: When you were in Iran did you deal with Iranian authorities?

BENNSKY: Oh yes, especially with Iranian officials from the central bank, from the oil company and from the other finance and economics ministries.

Q: What were the issues you were concerned with?

BENNSKY: The financial and economic problems and requirements of Iran as they related to the US assistance program - its planning and its utilization.

Q: What was your impression of how aid was being used? When you think of Iran, or any place in the Middle East, you think of corruption going into the coffers of the wealthy as opposed to getting out to the "people" and all of that. What was your impression of how it was being utilized?

BENNSKY: I don't really recall too much on that. That was always an issue with aid any place. I don't recall that it was an issue I dealt with much.

We would be sitting in a room, a number of us from the Embassy, AID Mission and from Washington, trying to put together a telegram back to Washington indicating how much was needed to meet the situation as we saw it over the next year. This determination of amounts and types of assistance was the consuming thing as I recall. Or there would be some issue with regards to Iranian exchange rate or monetary policy that the US was

concerned about and the Embassy andAID Mission wanted us to spend some time looking at and reporting on. Those things I remember.

It was a combination of functions, reporting, analysis and assessment and policy advice on the Iranian financial situation and its needs in terms of financial and economic aid. Sometimes an expert would come out from the US to help us decide, for example, how to provide financing in the hinterlands for people who wanted to open up businesses or farm better. For example, I participated in a trip around the country with the expert assessing the needs and prospects for providing financial assistance to small businesses and to farmers.

Q: Was anybody sitting there and taking a look and saying, "If we do this it will have this affect on the Iranian culture," or anything like that?

BENNSKY: I doubt if there was too much concern about cultural effects. Back in those days we were focused on finding ways to solve problems of an economic or political or foreign policy nature or a combination thereof. After all by its very nature economic development meant modernization and change in outlook, conditions and way of life.

Q: Part of this interview is to catch the spirit of the times, and this is true in many things.

BENNSKY: It was an intense period. That country had been under great strain because of the Mossadegh period and the strong nationalism was still there. The Shah was back, of course. We didn't gain too much in terms of most of the ordinary citizens' love of us because they felt they knew who got the Shah back in there. It is just that Iran was so key to our whole Soviet containment policy. It was this policy that drove us all the time. And it drove us to the end, really. It drove us all the way to being so careful with the Shah that we let him do his own self in.

Jumping ahead, I sat in meetings with Harriman, and Averell felt he was the only one that really knew what the Shah was and why the Shah was so important. This was when a

number of us were very concerned because the Shah kept seeking to drive the price up of oil and to change income sharing relationships with the oil companies. This was during another iteration of my career when I was in the Foreign Service and working in the Middle Eastern side of State.

Q: This was in the early sixties.

BENNSKY: Right. You couldn't get anywhere questioning our Iranian policy because we were fixed on a strong line that we needed Iran and the Shah was our person. The idea was that we should maintain a very strong Pact—the CENTO Pact. The trouble with the CENTO Pact was that we lost Iraq very early and it was never popular with the area's people and politicians. The CENTO Pact idea was that we were going to sit there underneath the Soviets soft underbelly and keep it from doing anything. I am not too sure that was necessarily bad, we just couldn't control the elements and events, which is not surprising.

Q: What was our feeling about Egypt at that time? We had already moved out of Egypt. You left just prior to the Suez crisis or were you there then?

BENNSKY: I was in Washington and working at State in Near Eastern Affairs. But let me talk a little more about the Middle East. In the Middle East there were other countries besides Iran. Jordan was a big issue.

Q: How did we consider Jordan, sort of a basket case?

BENNSKY: We were trying to do a lot of things in the old Point Four aid program in Jordan. I spent more time there than anybody else in the Treasury office. First because nobody else wanted to go and then because I had the experience. There were several places where nobody wanted to go and I used to go. One was Jordan, another was Saudi Arabia, and another was Iraq. They didn't mind going to Egypt, Turkey, Ethiopia or Iran. But nobody wanted to go to Jordan. I spent a lot of time in Jordan working with our AID

group on the balance of payments, trade, budget and foreign exchange aspects of our assistance program. The country was not in good shape at all. The British were having to retrench back all the time, shifting the burden to us.

I spent a fair amount of time in Iraq. At one point, a Britisher who had a high reputation in economic development was invited to look at Iraqi development prospects. I went to Baghdad because the Embassy thought somebody ought to keep in touch with him and see what he was coming up with. He was good. I think he came up with some very good stuff. On the basis of such help Nuri Said, the Prime Minister, and the King were coming up with some pretty good ideas for the Iraqi development. Of course, there was no implementation because they had the bloody coup - literally bloody.

Q: July 14, 1958.

BENNSKY: Yes.

Q: But we did feel at that time that Iraq was the one country in the Middle East that really could do it with a literate population, great resources and not a population problem.

BENNSKY: It really looked as though Iraq was the best bet. But, as we know that didn't happen because of the coup. One wonders what would have happened to Iraq if they had not had the coup and had been able to go this other route. I think Iraq could have been quite a prosperous and stable influence in the area.

I went to almost every place there was to go in the Middle East because we were always getting telegrams requesting assistance.

Q: What was the feeling about the influence of Nasser at that time in the area?

BENNSKY: In the area he really had gotten the peoples attention. At the same time he spooked a lot of the leaders of the other Arab states. But we spent a fair amount of time

working with Nasser's government in Egypt at that time. We were very interested at one time in what the World Bank could do to assist Egypt, especially with the Aswan Dam.

Another thing that Treasury Reps did a lot in the Middle East was work with World Bank and International Monetary officials when they visited the area. The World Bank was looking at dam projects in Syria, Jordan, Lebanon, Egypt, etc. and in the process were doing credit worthiness studies. I spent a fair amount of time with them, as did my colleagues, since we were the vehicles our embassies used to come back to them and say here is what the World Bank people are coming up with and here are the financial implications.

For a while I thought the World Bank was going to fund the Aswan Dam, but the rug got pulled out from under that by the then Secretary of State, Dulles. The story, as I recall, was that American cotton interests were behind this. I could never understand quite why because I am not too sure that it would have made so much of a difference. But, nevertheless, I think the Dulles decision was mainly his concern over the way Nasser was dealing with the Soviet Union. The biggest issue all the time out there, that drove everything we did, was the Soviets. Every time you turned around you were concerned that if the US didn't do something what would the Soviets do, or if you did something, what would the Soviets do. It was a world in which our consuming interest was to keep the Soviets out of the Middle East and the Persian Gulf.

Q: At that time our concerns about Israel were not predominant.

BENNSKY: Oh yes, they were. That was the other problem that you had if you worked in the Arab countries. The fact that we were such backers of Israel. I mean, if you wanted to go to Israel, which I had to because we worked down there too, you had to go through an elaborate system not to get anything in your passport to show that you went. You would go to Jordan, and then to the border post in the middle of Jerusalem. It was a check point. You would drive up to it and get off and it would be the Jordanian one. You would be

checked through it and walk across among the barbed wire to the next check point, the Israeli post. From there you would walk into their part of Jerusalem. Sometimes people would go through Cyprus. But you had to go in a way that didn't show in your passport that you had been in Israel.

Since I was going to be traveling around the Arab world I couldn't show on my passport that I had been to Israel. The Israelis didn't like that and were always trying to figure out how they could put a stamp in your passport. It was a hindrance. In Saudi Arabia, for example, they would not allow anyone to enter with a passport stamped by Israel. I spent a lot of time in Saudi Arabia, too, with Ambassador Wadsworth. All of this was just a manifestation of strong Arab feelings against Israeli dispossession of the Palestinians and the US recognition of and support for Israel as a sovereign state.

Q: What was your impression of Ambassador Wadsworth and his method of operation? He was one of the characters in the Foreign Service? And, what was the situation in Saudi Arabia from your perspective?

BENNSKY: He was one of the originals. One of the old Arab hands. He never went to the Embassy building. He did everything out of his house. When I used to go down there, Bob Houghton was there. I used to try to stay with Bob but I never made it because the Ambassador made me stay in his house. He had some interesting habits. He would stay up until about 4 in the morning and wanted somebody to stay up with him. He would stay up writing telegrams and then he would hand one to me and say, “George, look at this policy I am making today.” It was his king, his general and his this and that.

But he had a real understanding of the Saudis and the Middle East, there is not doubt about that. He was an original like a lot of those FSOs that I met out there as ambassadors in the fifties. I mean these were men who had been around and had lots of experiences...people like Jimmy Moose, Ambassador in Damascus and Ray

Hare, Ambassador to Lebanon. These guys were good, first class. We can stand more ambassadors like them any time. Even the eccentricities of Wadsworth. I liked him.

Saudi Arabia? It didn't have much money yet and were always in debt. Their finance minister was a real Bedouin, but wily and clever. Before I got there, I remember this because this happened when I was in Treasury in Washington, Saudi Arabia had always just used big silver rials as currency.

Q: And the Marie Theresa thaler too.

BENNSKY: Yes, the silver rial was big and bulky. The Saudis decided that, as they were growing as a country, they had to have a more modern financial system. So State was very anxious that we try to help them by getting a qualified expert to go out and be an adviser to the Saudis in setting up a monetary system with a central bank. For some reason Treasury was against it, or at least some people there were. I got hell. I went to a meeting at State and said, “Sounds like a great idea to me.” I came back and some of my superiors were mad as hell. Anyway, the die was cast, and the fact of the matter was that it was needed. The expert who was sent out there, I can't think of his name, had trouble getting them to do things, but in the end was successful. He carried around in his pocket a well worn letter of resignation. Every time they refused to do something he would pull it out and then they would agree. The Saudis did set up a central bank and issued paper money, all successfully.

Q: They started out with pilgrim receipts, if I recall, at first. These were receipts indicating you had deposited your money so you didn't have to take it with you on your pilgrimage. And then they were extended to be valid outside the pilgrimage season.

BENNSKY: In the meantime the structure of a central bank and the Saudis to work in it were being set up. This was a pretty exciting time. It was interesting to watch them trying to come into the modern world. Meanwhile, ARAMCO in its own compound...I spent a fair amount of time with them too. You had situations like this. Nobody knew what the

balance of payments of Saudi Arabia was. So one time when I was out there I decided that if I talked to enough people I could figure out what Saudi Arabia's balance of payments looked like. So I talked to a lot of people and found out what they thought about the amount of trade and finances and services etc. and calculated a balance of payments. I probably computed the first balance of payments ever on Saudi Arabia. This was a country that belonged to another century, but it was coming forward and they were beginning to get some pretty bright and able people. But in the fifties there was still a long way to go.

Things have changed in the Middle East over the past forty years, in the physical sense. When I used to go down to Kuwait they still had the mud walls around the town. They didn't have any hotels or any of these big beautiful buildings or anything they now have. I went down there when Harry Simms and Bill Stoltzfus were the only two FSOs down there and they were doing their own ciphering and everything.

Q: The so-called one time pads.

BENNSKY: Yes, that's right. When I went to Iran the hotels were so bad. In Iraq they were no better. The amenities were not there. Only three places had amenities...Cairo, Beirut and Istanbul. Otherwise it was pretty damn primitive wherever you went in the fifties.

Q: What was your impression of ARAMCO and how they were dealing with Saudi Arabia?

BENNSKY: You couldn't help but be impressed by their professional abilities. They were out in the middle of nowhere and had built these tremendous installations and were producing great quantities of oil. They knew their stuff. I think they had really very little contact with the rest of the population except the Saudis who worked for them. They basically were out there in their own compound doing their own job of getting the oil out and providing the revenue to the Saudis under the agreements that they had with them.

Q: Did Israel fall under your purview?

BENNSKY: Yes, when we went to Israel we would be working with the economic section and the AID Mission people.

Q: How did you find things there?

BENNSKY: Pretty efficient, and in comparative terms, very efficient all the way around. However, they didn't like this business about us not getting our passports stamped or our Embassy being in Tel Aviv and not in Jerusalem. But the relationship was strong because they depended on us. Of course this was before any of the wars happened between the Arabs and the Israelis.

Q: There had been that one little war in 1948 when Israel had been created and that was it.

BENNSKY: It was not a happy situation with all that barbed wire around, etc.

But those were good days. Looking back, probably one of the more exciting times of my foreign career was wandering around the Middle East at a lower level but dealing with ambassadors, AID Mission directors, heads of central banks, finance ministers, industry ministers, oil companies, etc.

It was a heady, happy time. And generally speaking they liked us rather than disliked us in those days. You could go any place. You didn't have a fear, as a diplomat. Nobody was terrorizing or shooting at diplomats. It was great fun to be part of our effort.

Q: I take it at that time particularly, although you were with Treasury, it really was a team effort?

BENNSKY: Most of the things I worked on and produced went through Embassy channels. We did write letters...there was an old tradition in the Treasury Office of International Finance. These letters were internal material for Office of International Finance use. But

90 plus percent of whatever we wrote in those letters we had already put into some kind of telegram or despatch because everything we had been doing was done with Embassy and Aid Mission people.

So I look back with a great deal of fondness on that period and remember how much fun it was.

Q: Well, then you came back and joined the Foreign Service?

BENNSKY: I didn't want to come back. I was very unhappy to have to close the office. But the Secretary of the Treasury at that time decided that he wanted his people out of the Arab world, largely it appears because of Arab attitudes toward Israel. Since I was the only Treasury Rep left in the Middle East, I had to close the office. I am and was sorry we did it, as were the embassies and AID Missions at that time.

When I came back to Washington, I decided I was going to leave Treasury. I had offers from ARAMCO and the Bank of America and was seriously considering both of them. But then I had lunch with Assistant Secretary of NEA Rountree. He offered me a position in the Near East Economic Affairs section to make use of my Middle East oil and finance experience. Well, I liked Rountree very much, so I agreed. I went to work in Near East Economic Affairs, which was then under the leadership of John Shaw.

Q: Now that you were under a new ruler, how did you find...there has always been this concern that State Department never really took economics seriously, everything was political. How did you find it?

BENNSKY: In the Office of Near Eastern Affairs I didn't find that to be the case. There is no doubt about it that the basic thrust of much of what we were trying to do in the Middle East was political, even when we were making economic moves. But there was a very good productive working relationship between the Near East country political desks and the Near East Economic section. I enjoyed it very much.

I got back in time to be involved in the ramifications of the closing of the Suez Canal—to be involved in the whole issue of what was happening to oil shipments. Since one of my responsibilities was to work on the oil side, it was pretty exciting. I didn't find a situation in which the economics of the issue was chucked to one side. It would have been impossible to do in any case.

Q: You were there during what was called the Suez crisis, which built up over time and the nationalization of the Suez Canal, and the Secretary of State came up with the Users Association. What was your impression of the US role prior to the actual war that took place?

BENNSKY: We probably, although I wasn't aware of it at the time because I wasn't at that policy level, reacted after the fact. We basically, literally told the British and the French that we were against it and they couldn't expect a damn thing from us. That killed the whole idea of them successfully going in. I think that was for the best anyway because if they had gone in you could imagine what the results might have been in our Middle East relations. It was a colonialist move after colonialism had ceased to exist.

Part of it was really the inability to understand what to do with the first real great nationalist in the Arab world—Nasser. Look around, were there any others? No. Nasser was the one who started the great nationalist movement in a real political rather than just an idea sense.

As for the oil effects, it showed that Middle East oil was vital to the West, even though we had sufficient US production at the time to meet the European needs. But the crisis demonstrated that you can't really say, “We don't need it and we don't care what happens in the Arab Middle East.” If you are a realist you know you can't do that, otherwise we wouldn't have fought Desert Storm, certainly not just for Kuwait's survival. However, the real bottom line is that at that time I don't think we quite knew what to do with Nasser. Neither did the British nor the French.

I hate to say that we had no idea what was going on, but we may not have had, at least sufficiently. I have been in on practically every one of the Arab-Israeli wars and we didn't know they were going to happen, I can tell you that. I have sat in on meetings, shortly before the conflicts erupted, in which the CIA said they were not going to happen.

So I don't know how to answer your questions definitively. Except, if you look at it as a matter of fact thing, it seems to have caught us all by surprise. We did, I think, take the right action in the Suez crisis, although with some real strain on our allied relations.

Q: Did you feel pressure to be nice to Israelis while you were...or wasn't this in your purview particularly?

BENNSKY: It wasn't really in my purview. In Near East Economic Affairs we didn't do that much re Israel. Israel's aid and its relationship with the United States was at too high a level and very political domestically. We were directly involved in deciding if certain assistance or other economic measures should take place with an Arab country...should we give them this, how much, etc. and for what reasons. We didn't have really that much to say on Israeli assistance. It was, as I just said, terribly political. There wasn't very much you could do against the power of the Jewish lobbies. And you didn't try. You were busy enough trying to deal with the other economic and financial problems of the area.

I mean we were dealing with things like...I remember one of the early events that happened in this first tour in Near Eastern Affairs. We used to work most Saturdays, it just seemed to be that we were always in the office. I remember one Saturday being there. Don Bergus, one of my early colleagues, was also there and as country desk officer played a major role in the decision. At this particular time the young king, as we called him...

Q: This would be...?

BENNSKY: King Hussein of Jordan. He was really, really in trouble. They had so many Palestinians in their country threatening its stability, and the Hashemite dynasty. We had gotten word from the Embassy in Amman that he had climbed up on a tank and rallied his Arab Legion commanders to bring the threat to an end. I remember this as a time when officers at the class 3 level could press through decisions that would take days now and at a much higher level. We decided right off the bat on that Saturday that Hussein needed $20 million. And the US gave him $20 million. It was the beginning of the US budgetary aid to Jordan.

Q: This was when?

BENNSKY: I can't remember the month or year. It seemed to me that as I was longer and longer in the Service it became more and more complicated to do anything. We were still in the days not too far out of World War II and not too far into this business of being involved all around the world. We could do things at levels that you could never do today or from the late 60s onward. It was a rather interesting and exciting time.

That budgetary aid began a long US-Jordan relationship. Basically what happened was the British could no longer afford to support Jordan. They didn't have the money. So we took it over. I spent a lot of my time in Near Eastern Affairs, in the last half of the fifties and the last half of the sixties, working on Jordan. Deciding on how much they should have in budgetary aid and how it should be given and how we should run it and what the implications would be, etc. I went to meetings with the Brits every year to decide what we were going to do in Jordan. It became part of our stabilization program in the Near East, I guess you would call it.

Economic and financial programs were the order of the day. I remember still the all nighter we pulled in the Near East Economic Section to respond to a request from then Vice President Nixon for a listing of economic projects that could be quickly undertaken in Arab

countries. In the fifties we thought the solution to the Palestine problem was economic development.

Q: You left NEA and went to Madras.

BENNSKY: I thought I was going to end up in a Middle East post again, which was all right with me. But, that was not to be. My first overseas post in the Foreign Service would be Madras. One thing I have never been able to figure out is the personnel system of the Foreign Service. Anyway that is where they wanted me to go and that is where I went.

Q: You were there from 1960-64. What were you doing when you first went out?

BENNSKY: I went out to head the economics section of the Consulate General. India is so big that the Consulates General are a pretty good size and cover big chunks of the country. We covered all of south India—four states, Madras, Mysore, Kerala and Andhra Pradesh.

The Consulates General in India perform functions that maybe they don't in a lot of countries. There is significant economic and political reporting, some consolidated by the Embassy in New Delhi and some sent directly to State.

For the first two years I ran the economics section, reporting on general economic conditions and economic development in South India. We would always be getting a cable from the Embassy saying, for example, “We are doing a study on hydroelectric power in India. Provide us with a report on South India—what they are doing, what their needs are, etc.”

We also acted as commercial officers spending a lot of time with Indian businessmen. And there was a lot of traveling throughout South India. The road system was good.

The second two years I was the political officer and number two.

Q: What was your impression of the political and economic situation in your area of responsibility in southern India at that time...1960-64?

BENNSKY: There were several different trouble spots. One was within Madras itself...the whole Tamil issue. Tamil was an ancient language, coming south when the dark skinned Dravidian people were pushed out of the north by the Sanskrit-using Central Asian invaders centuries ago. It was a language with a great deal of depth and poetry. It was a powerful force among these people. They were greatly resistant to the idea that Hindustani would be pushed south against their language. A Tamil based party was becoming a political force against the Congress Party. Over in Kerala there was strong Communist influence.

Q: Yes, an awful lot of attention was placed on that state.

BENNSKY: Those were the two main political issues of a local South India nature. Overall India was the India as I remembered it in World War II. Out in the many villages, people were living pretty close to the ground as they had for centuries. But it was a friendly part of India, more so than up north. I must say in south India the people are very friendly. You would just meet them and in the next minute they would have you in their house. They were just as friendly and open as you could get. English was the lingua franca. After all they had four different languages in the south, and they had to speak something that everybody could understand.

Two things happened while I was in India which were quite important. The first was the Chinese invasion of India in the Himalayan area near Tibet. That drew India together in a striking way. Here were people who were always unhappy with each other, one way or another, because of their different languages and different interests, etc. But not then. People all over the country were turning in their jewelry, volunteering for military service. That was an interesting event to be around, experience and to report on.

The second and most momentous event was the death of Nehru. Before Nehru died, but when it was clear he soon would, the question was who would take over as Prime Minister. Embassy New Delhi decided that each of the Consulates General should take an in depth look at the issue, talking to everybody with political insight on their particular regions, thinking on the succession.

I headed the political section at that time, so I did the Madras ConGen paper. I talked to all the politicians and businessmen that I knew. I had four tremendous locals in terms of their contacts and knowledge of the politics of their States. We gathered a tremendous amount of information, and I wrote a paper which in essence stated: “The political leaders in the four southern states led by Kamaraj are going to back Shastri and that they were gaining influence with a number of other powerful leaders in other parts of India. Shastri was going to win the succession.”

To many the successor would either be Desai, the Finance Minister, or the political leader of Bombay. In any event, as was to be expected, the Embassy received differing views from its ConGens. In fact, in my paper I said that Shastri would probably turn out to be the Truman of India. Actually he did win. You know, it was a very unfortunate thing for India that Shastri died of a heart attack. He was a politician who was unknown, somewhat like Truman, but a very skilled politician who I think may well have had some workable ideas about how to deal with the Pakistani and Kashmiri problem.

Also, Kamaraj, the Madras political boss, who was a tremendous man, about as big as that door, and spoke nothing but Tamil, with influence in Madras that was incredible, as well as all over the country, ended up going to New Delhi, as a sort of overall Congress Party political boss. He was a powerful person. Not educated, but with great skill as a politician.

Those, I guess, were the two big internal Indian issues that happened. A relatively minor event was the Indian invasion and taking of Goa from the Portuguese. I recall Ambassador

Galbraith seeking to the end to stop it when we all knew that the Indian Army was not massed on the border for just a show of force.

Another event of significance was the death of President John F. Kennedy. The outpouring of grief in India has to have been seen to be believed. Indians took his words seriously, very seriously indeed.

Q: I remember the state of Kerala. For years that was on our political radar because it had a communist rule. Were we doing anything there to combat this?

BENNSKY: Mainly we did what we could do in terms of economic assistance and we had a big USIA program there. Kerala was one of the more literate areas of India, which is one of the reasons the communists were strong there. Other than aid and information there wasn't much we could do. The Indian Government had it pretty well under control. The governor there was a man named Giri who had been an important labor leader in India during British rule. He was an interesting and strong person. He ran Kerala much of the time under Presidential Rule.

We, of course, had a CIA station in Madras which watched the Indian commies. When I took over the political section I had to read some of their material. It was boring as the dickens. The fact of the matter is that there was never really any danger in India of the communists taking over anything. The real power in that country was the Congress Party. No matter how you cut it, even today, although things have changed some, India is still a pretty damn conservative place. Villagers are conservative, traditional people. They didn't have any guerrilla movements or that kind of stuff going on when I was in India.

An interesting thing there was, to me...the first and last time I really did a political post...that if you got an Indian politician in your house you couldn't keep him quiet or get rid of him. He would talk forever and tell you everything. More than you ever wanted to know

or ever cared about. He would keep talking as long as you kept filling his whiskey glass, which he wasn't supposed to be doing, since India frowns on drinking.

There is only one thing I regret about my Indian experience. I wonder if I wouldn't have been better off if I had just spent two years in Madras and gone up to Delhi for two. But it didn't turn out that way.

Q: Then you came back to Washington?

BENNSKY: Oh, I did one other thing while I was on my India assignment which was of significance. I received a telegram telling me that State wanted me to be part of a special mission to Yemen. My Near Eastern friends thinking of me again. This was just after the considerable turmoil and struggle in Yemen. The Egyptians had intervened and there had been a civil war which caused a great deal of consternation to the Saudis. In fact we had air force in Saudi Arabia to counteract the Egyptian air force in Yemen.

I flew to Saudi Arabia for consultations and briefing and to join the other member of the party, an official from AID. We flew first to Aden and then to Taiz in Yemen.

The purpose of the mission was to determine the budgetary assistance need of Yemen and whether such assistance was feasible. We knew one thing, there would be no data. Nobody was going to hand us pieces of paper telling us anything about the government's budget or the country's balance of payments. So when we began our inquiries in Aden, we started asking officials and business people about the trade, finances, etc. of Yemen since Aden was its key gateway. Then we came up to Yemen linking up with one of the FSOs in our Taiz mission. Jim Cortada chaired our mission. Our program was to go to Sanaa and to Hodeida and talk to as many knowledgeable officials and business people as possible to gather information. The AID official I was with said to me, “George, I can speak Arabic up to a point. We are going to do the best we can.”

We just moved around the country talking to people who were running this, that and other things in government and commerce. It reminded me of my Near Eastern days as a Treasury Rep. You would go into these so-called government offices only it was a little more chaotic. All around you were Yemenis carrying machine guns and the usual knife. You would sit there drinking tea it seemed interminably. The official would be responding to your questions and out of the blue some Yemeni would come in with a chit which the official would take interrupting the conversation with you and dealing with whatever the chit said. You could spend a long time getting relatively little information. The officials were just inundated with these chits.

Q: And you would sit around and listen to the conversation.

BENNSKY: Exactly, except it was all in nonunderstandable to me, Yemeni Arabic.

Q: I served as economic officer in Dhahran at one point a little earlier on and I know exactly what you mean.

BENNSKY: I was getting frustrated. I couldn't find out what I needed to know to determine or at least estimate the Yemeni financial situation. But one thing was becoming clearer and clearer to me. There wasn't any government structure that could possibly handle budgetary aid.

Anyway we had to gather enough information about Yemen's trade, financial situation, balance of payments, economic development needs, etc. to produce a coherent report. And we didn't have too much time to do this.

Finally we got through our Yemeni interviews, 50 plus I recall, and headed for Cairo to see what the Egyptians could tell us. Actually the Egyptians provided us with significant information. I still knew some of the Egyptian officials, especially on the financial and economic side.

When we got back to Washington, I wrote the report on Yemen's financial and economic situation, including its budget and balance of payments. I was pleased with my assessment and wish I still had a copy. My bottom line was that there was no way that the US should provide budgetary aid. I said, “You might want to aid this country but you don't want to give them any budgetary aid. There was a bottomless pit there, and we wouldn't know where any of the aid went. There wasn't any structure or even anybody in charge.” So that idea got shot down. Whatever the US did I don't know because I went back to India.

Q: Well, then you did come back to Near Eastern Affairs from 1964-67. What were you doing there?

BENNSKY: When I was in Washington on the Yemen Mission, Harry Symmes asked me if I would like to take over as chief of Near East Economic Affairs. I said that I would be very happy to do that. So that was what I did. I came back in August 1964 and went out again in August 1968. The first two years I headed the Near East Economics Section. The second two years I was Don Bergus' deputy in the Country Directorate for UAR. The changeover to country directorates eliminated the need for the overall economic section since each country directorate was to cover all aspects of its country.

While I was heading the economics section, I would say our biggest issues, in addition to the continuing oil country/company issues, were 1) the continual work on budgetary aid for Jordan and our relationship with the British in this respect, and 2) the fact that we and Israel were having a great deal of trouble with Egypt over its Arab policies and Soviet connection which translated into difficulties in our dealing with US AID.

Q: What was the problem?

BENNSKY: US AID, especially the part dealing with the Middle East, under Macomber, thought that they shouldn't be doing anything of assistance to the UAR. In fact, they

tended to push for punitive economic actions against the UAR which we knew would not produce anything but more problems for us in the area. I think what we were trying to do, both when I was running Near East economics, and when I was the number two in the country directorate for the UAR, was to find ways to diffuse the situation enough so we could maybe get back on a more even keel with Egypt. It was clear and certain that in instituting punitive economic measures we would have no support or cooperation from other countries. I mean, the US could decide that it was not going to let the UAR have this, that, or the other thing, and they would get them from somebody else. Our allies were not interested in following our lead on the UAR.

So, we were always on the unpopular side of the issue, at least I was, trying to find ways where we could do things that might get the Egyptians to move in another direction in terms of their relations with us. For better or worse that is the way I felt about it. That was not the way the rest of the government felt about it. So we had some pretty bad times.

We had the famous 1967 war.

Q: The June War.

BENNSKY: Yes. That was another of the Arab/Israeli wars, which wasn't supposed to happen, so everybody said. We had just sent a new ambassador, Richard Nolte, out there who promptly said some things that weren't too smart either, when he first got out there. He was a nice guy and I thought he probably would have done a credible job because I was personally acquainted with his abilities from my days in the Near East.

That war was more intense for us than during the Suez crisis. Then we had had an easier time of dealing with the loss of oil. It wasn't that easy this time. The US no longer had the excess capacities it had before. We got through it again as we had before, but...

Q: Were there people who were looking at oil supplies prior to this war saying we had better watch out, we have some problems coming?

BENNSKY: Yes. I had done a fair amount of that. We had been tracking the changing geographic distribution of petroleum supplies. It is one thing to track this trend, however, and it is another to get in front of it in terms of diversification and reducing import demand. It takes high level policy decisions and very complex coordination and cooperation that do not fit in with a free democratic political/economy and a conglomeration of differing allies. Usually it seemed to me we came in behind the power curve so to speak.

Another thing is that it doesn't matter, I found this out, if you know exactly how much is coming out of this and that country and where it is going. What you have to know to work an oil problem when there is a shortage or a shutdown, is what is on the high seas and where it is going. And that information during all the oil crises I worked on never was readily available. You couldn't even get it readily available out of the companies. They were all operating separately. If you didn't have the in transit you couldn't tell exactly what the impacts were going to be and where they were going to be. So you worked with what you had and with experience gained the last time around. We had the OECD Oil Committee, which I worked with a lot. That provided a consultative group. The underlying idea was that we would share together...easier said then done!

I would say the fortunate thing about these oil crises things is that they don't last that long. They seem to last a long time while they are taking place, but in reality they don't last that long.

While I was on the UAR Country Directorate it seems to me I spent an inordinate amount of time having working lunches with the Egyptian Ambassador, Mustafa Kamel. I don't blame him. I look back on it and I feel I should have done a better job. But it did get a bit more than tiresome. I could understand that he really was under the gun from his government all the time. He just wanted somebody who was sympathetic with whom he could talk to see if he could get the US government to do something that would be helpful

in the relationships between the two countries. I think Bergus decided he might as well have me go over all the time rather than himself. So I spent a lot of time over there.

It wasn't a time that being involved on the Egyptian side was a very popular thing in Washington. But if you are going to be on the country desk, or if you are going to be in the country, and you don't do anything to set forth the views of that country, how can you be doing your job?

Q: Were you finding a growing Israeli lobby at that time?

BENNSKY: No, not growing. I always felt the Israeli lobby didn't need to grow. It was strong enough. Its just that the Egyptians, themselves, would keep doing things that would cause Washington politicos to be upset with them. And even when they weren't doing things they had reached that reputation where they were suspected of doing them. You know we were still trying to figure out Nasser and the Arab nationalist movement. The Iraqis weren't far behind, but they were sort of off in a corner. It was Nasser who was talking about all this united Arab stuff.

It was later on that I finally had a chance to relate back to the takeover by the military in Egypt to another military takeover. Trying to cope with this was difficult. And it was made ten times more difficult by the US-Soviet competition. Suppose there wasn't a Soviet Union at that time. It would have been a different ball game.

Q: Trying to capture this, did we feel that everything was predicated on Soviet influence (taking Israel out of the equation)? Many times in talking to people they will say, “You know we were fixed on the Soviets when actually they probably weren't going to get anywhere anyway”.

BENNSKY: We felt at the time that it was a serious situation to have the Soviets in Egypt and influencing beyond Egypt into Africa. We were concerned about them every place. A center piece of our policy was to keep the Middle East free of the Soviet Union, keep the

oil flowing and keep Israel alive. They didn't all quite fit together and were difficult to work smoothly. We wanted everybody to be reasonable and rational, accept our economic aid and stay out of trouble. That was all we wanted. But it didn't work out that way, of course.

But you know in time things came around. Egypt has been an interesting experience for me in the Foreign Service. I used to go down there when Ambassador Caffery was there. He was an ambassador, I tell you. And he knew damn well he was and you had better know it also.

Q: He was one of those imperial ambassadors.

BENNSKY: He was imperial all right. There are great stories about him in Egypt and probably everywhere else he served. But he was an experienced professional. He knew what he was doing. He was there at a tough time when Nasser took over.

Q: During the 1964-68 period, how did we view the oil economic situation in Iran?

BENNSKY: I don't know that I can really answer that. Iran was outside our bailiwick in the sense that it was on the Greek-Turkish-Iranian side of the Middle East and not Near Eastern Arab.

Q: Oh, yes, that is right.

BENNSKY: When I moved over to the UAR Country Directorate I no longer dealt directly with oil. So I really can't say. I knew some of the officers who were dealing with these matters and certainly was involved with them at the time we had the shutoff in 1967. But I can't say that I was that closely involved with Iran.

Q: Well, then why don't we move on to your War College experience, 1967-68, and then you went to Lima, Peru, of all places. Was this latter another aberration of personnel?

BENNSKY: Yes, I think so. I was told that I was slated to go to Morocco as the economic counselor. However, they neglected to consult with the ambassador who wanted somebody who spoke fluent French. So I was without an assignment when I graduated from the War College. For some time I pursued a job opening up in Geneva to deal with southern tier, underdeveloped world matters. A friend of mine then in the Bureau handling UN affairs wanted me for that position. But that got into a battle between the Economic Bureau and the International Organizations Bureau, and it didn't work out.

Then, out of the blue, a classmate at the War College, Sam Eaton, who had been assigned as AID Director in Lima, Peru told me that the Embassy had been without an Economic Counselor for some time and that Ambassador Jones was interested provided I got Spanish language training. After an interview with the Assistant Secretary for Latin America I got the job and started Spanish language training. However, Ambassador Jones decided he needed me soon and I did not finish the language training. It happened like that. The same as Personnel not looking at my experience and deciding where I could be most useful to the Service.

I arrived in Lima in August 1968 and two weeks or so later the military staged a “golpe” throwing out the newly elected government I was supposed to work with to establish expanded economic relations in the wake of negotiated settlement of the IPC dispute. The military had taken care of the IPC case in its own blunt fashion.

Q: This was a petroleum expropriation problem which had been going on for years and had been a real thorn.

BENNSKY: This was going to be a new era in US-Peruvian relations. We were going to revitalize and expand our economic development program substantially. I was told that not only would I be the Economic and Commercial Counselor but also Assistant AID Mission Director for economic and financial matters. I liked the sound of all of this. But when the military took over and nationalized the IPC we were off and running in the

opposite direction. The next thing you know Ambassador Jones is recalled. The DCM, Siracusa, for a while and then he goes off to be Ambassador in Bolivia. We get a new ambassador, Toby Belcher, and a new DCM, Ed Clark. By the way, these are two of the best professionals I ever worked under in my whole life.

Q: There was the Hickenlooper Amendment which...

BENNSKY: Yes, there was that as well as some fear, which I did not share, that our relations would get so bad that we would have to sharply reduce our presence or close down completely. Ellsworth Bunker was sent to Lima to see what could be done to stabilize the situation. That was when I wrote a paper paralleling what had happened in Egypt when the military took over to the one in Lima. I said that it wasn't going to do any good to play total hardball because all that would do is drive the military from one extreme to another. So throughout the entire time I was in Lima we were trying to find ways to work our way around our differences, to get some kind of resolution of the nationalization and related issues. It was tough dealing with the military down there.

One thing that happened that brought us back to finding a way to talk productively to each other, was the 1970 earthquake. It was northeast of Lima in the mountains. It was a tremendous earthquake. The whole upper side of a large mountain sheared off and came down burying a whole village and tens of thousand of people. It was in the tremendous relief effort, involving our Navy and Air Force and many American volunteers, that we started closely working again with them, ending up with a visit by Mrs. Nixon. Thus began the long process of repairing US-Peruvian relations.

The military did about everything they could to make the country the mess it is in today. The only productive foreign exchange producing agriculture was on the arid coast based on irrigation and large scale farming. Expropriation and division of this land to uneducated subsistence farmers destroyed this economic asset. Elsewhere in the country, up in the Altiplano, it was low level subsistence while on the slopes into the Amazon it was small

scale coca plantings - the resource for the illegal cocaine trade. They bought labor support by raising wages and giving them more clout in management, which promoted inflation and priced them out of the market.

It was an interesting assignment, probably more so because of the controversy and difficulties. These are the Foreign Service assignments that test your mettle.

Q: Were you able to have any kind of a dialogue?

BENNSKY: Yes, in my Economic Counselor and Acting Deputy AID Mission Director capacities. I dealt with the government in many areas: at the central bank, in the foreign ministry on the economic side, in the finance ministry, the petroleum ministry, the transportation ministry, etc. In addition, of course, there were many useful private business contacts. I guess our biggest job was one of trying to stay up on what was happening, what was about to happen, and what we could do about it. Even when I left, after having been there for four years, they were still not very pleased with us and vice versa. In fact, they were so displeased with us that a number of Peruvians never showed up at any of my farewell parties. These were officials that I had dealt with a lot. It was just that they had decided at that time they had had it with us and wanted to show their displeasure.

Q: Was it that we weren't doing anything or that they were doing things that meant we really couldn't give them the response they wanted?

BENNSKY: The latter more than anything else. Finally, sometime after I left, we were able to reach an agreement on how to deal with the nationalizations, especially the IPC case. But it was a long way from the settlement we had pressed for in the beginning. It always is this way with nationalization settlements. Lima and Peru turned out to be on the whole an enjoyable and interesting place to be assigned. There were times when I could have left to take positions in the Department, but I liked working with Ambassador Belcher and Ed Clark so much that I did not want to leave.

That was my experience in Latin America which I never expected to have in the Foreign Service at all.

Q: Well, you came back and I know went to the Senior Seminar from 1974-75, but between 1972-74 what were you doing?

BENNSKY: Jim Akins, who was Director of the Office of Fuels and Energy in the Economic Bureau, came to Lima to see me in the fall of 1972. He said, “Look, I am going to be leaving this job (he was expecting to get an ambassadorship), and I want you to come back to Washington and take over.” I said, “Well, yes I'm interested but does anyone else want me to?” He said, “Yes. Willis Armstrong, the Assistant Secretary, is in agreement on this and so is Jules Katz, who was in charge of that part of the Economic Bureau which dealt with fuels and energy.” So I came back and took over in December 1972.

At this time the Nixon White House was in the midst of a major effort to formulate the first US energy policy. Akins was spending full time at the White House working on this, which is why they wanted me in Washington right away. The Office of Fuels and Energy was called upon to produce many of the papers related to this oil policy effort. It was clear that our and Europe's and Japan's large and growing dependence on Middle East and North African oil put us in jeopardy, since from Libya through to the Persian Gulf the accelerating trend was transfer of control from the companies to the host governments. The Shah did not make things easier by continually pushing for more and more money through price increases and changes in the division of revenues. Meanwhile the companies were cutting the price of oil in response to the surplus over demand. We were on a collision course.

Things were happening pretty fast. In Libya Qadhafi put the screws to Occidental and then to the other companies, changing the ownership and sharing equations. Also, OPEC was growing stronger and stronger and taking extreme positions. This forced the formulation of an oil policy. A very good view of this period is in Daniel Yergin's book The Prize.

We were also deeply involved in a major effort coordinated by the National Security Council to produce a policy study on the national security implications. My staff and I spent a lot of time on this study. CIA and Interior were then major players. We didn't have an Energy Department in those days. We had almost completed that paper before the 1973 crisis. At one of the meetings toward the end of the study we discussed the prospects of another Arab-Israeli conflict. The CIA said its intelligence indicated that nothing of this nature appeared probably.

Q: The Israelis were sure of that too.

BENNSKY: Yes. But it happened.

On hindsight, I should have immediately, just as soon as I heard the CIA prediction, put my staff to work preparing a plan to meet the oil cutoff. After all, it had happened to me before in the 60s. But I was over my head in details: meetings with foreign diplomats, energy people, and other US departments, as well as speaking engagements. It was an overburdening time only to become worse. Yet I fault myself for not taking the initiative even though it may well have done little to change anything.

For an understanding of how it all played out you have to remember who was the Secretary of State and who was the Secretary of Treasury. Two major egos if you ever saw them: Henry Kissinger and Bill Simon. All of a sudden the focus of US foreign policy shifts from Kissinger's realms of Europe, the Soviet Union, and China to the Middle East. Also, the financial implications of the sharp price increases moves Treasury in as a strong player.

When the war started we had the same thing that had happened to us during previous Arab-Israeli conflicts. We knew the big macroeconomic picture of world oil supplies and its markets, but we didn't know where it was on the high seas and where it was going. I can remember a whole first Sunday, after the war broke out, over at Treasury trying to

sort out the oil supply situation. If I did anything it was that I didn't get out in front and keep the action in State. I don't know whether I could have or not. Perhaps not. There wasn't anybody at the Secretary level that was moving on this, except Bill Simon, at the time. How I would have been able to stop that by myself is beyond me.

My life became even more intense, with hearings on the Hill added to even more meetings and to more speaking engagements and most of all constant trips to meetings of the OECD Oil Committee and with counterparts in European capitals. Meeting after meeting in Paris of the OECD Oil Committee. The Japanese and ourselves were the only ones who really were unhappy about this. We had long and tiring flights, especially the Japanese; to the European representatives it was like going to New York City. Big deal! And what you would accomplish in most meetings...little indeed.

Q: You just turned your thumb down. Yes.

BENNSKY: This was not very productive use of my time, even if meetings in Paris were enjoyable from a food standpoint. If I had it to do again I would try to do something I probably wouldn't have been allowed to do. I would have sent my deputy to every meeting except when I had to sign or reach agreement on something. But I was never able to do that. We were attempting to formulate a way of sharing oil that at least everyone could understand and that would be possible to implement. In fact we had reached the point where the basic principles of sharing and implementation were acceptable to the OECD Oil Committee reps and ready for governments decisions. Later this scheme was incorporated in the International Energy Agency which replaced the Oil Committee, for sharing in times of crisis.

During the early stages of planning for the Washington Energy Conference, I made a suggestion that we ought to include some of the big consumers such as India and Brazil. That idea never got off the ground. So it was only going to be the OECD club. I wrote numerous papers about what we were going to consider at the conference including on the

sharing formula. What came out of the conference was the International Energy Agency, which was just another name for the OECD Oil Committee, except that it was a full fledged separate staffed agency. And one, if I am correct, which was never used as a sharing mechanism. We have had no further oil crises brought on by Arab/Israeli conflicts. While at the time, it was generally thought that the OPEC was going to wreck the economies of the oil consuming world, in fact greed and the disparate needs of the members ended up wrecking OPEC.

There were some extreme predictions. Some thought there would be a world-wide financial crash. I knew something about international finance and could write about what would happen to bank reserves, exchange rates and balance of payments. I remember writing a paper which drew favorable comment from Katz. Jules was a tough boss but a smart professional who I respected. This paper concluded that as important oil is, it isn't so big that it is going to cause international financial collapse.

It is not possible to encapsulate my experience as Director of the Office of Fuels and Energy in this interview. Too much happened - various stages of the creation of the Department of Energy, the work and travels with Casey, who was then Under Secretary of Economic Affairs, the conferences with government and private energy officials, etc.

My time as Director of the Office of Fuels and Energy came to an end when Willis Armstrong was replaced by Tom Enders. Tom and I hadn't gotten along at a time when he was an aide to Eugene Rostow, who was an Under Secretary of State. During one of the Arab/Israeli wars when Eugene had the great idea of sending the British and our fleets into the Red Sea, I wrote a paper which took the position that there was no need to do this since the Israelis were quite capable of winning without our inflaming further the Arabs. In any case the Brits were not interested. Enders told me he didn't like my paper.

Q: Well, Enders had the reputation of being another of the great egos in the Foreign Service.

BENNSKY: Well, there was no doubt about that. Anyway, what he did...and you know to a certain extent I can't fault him on this...he decided he wanted to have his own choices of heads of the offices of the Bureau. He was going to keep Jules, which was wise since Katz had stature throughout the Executive Branch and on the Hill. I don't think he kept many others.

I wasn't pleased with many of Personnel's ideas as to what to do with me, except for assignment to the Senior Seminar. All of a sudden I wasn't in the thick of the energy situation, I wasn't very happy about that. Although I knew that I wouldn't have been able to work very well with Enders. And fortunately Enders got himself a very good FSO in Steve Bosworth to head the Office of Fuels and Energy.

So I went to the Senior Seminar.

Q: And you came out in 1975. What did you do then?

BENNSKY: Again I couldn't find a suitable assignment, so I accepted Ambassador Root's invitation to be his Deputy for the next class. It turned out that I really ran it because the Ambassador was ill.

Q: He was dying really.

BENNSKY: I didn't realize that at the time. It was an inner ear condition which I thought he could recover from. After an interesting year with a great class, I once again found myself being too choosy concerning Personnel's choices for me. I can't fault them however. If I had been in Personnel I probably would have been fed up with me too. But in any case I decided to find myself a job that I really wanted to do.

I had gotten interested in the Senior Seminar about the environmental concerns that were coming to the fore. I found out that the international staff job in the Council on Environmental Quality of the Executive Office of the President was coming open. This

position was filled by a Foreign Service officer. I was interviewed and selected for the position. I enjoyed three great years there in a town house office alongside Lafayette Square. All of the Chairmen - Peterson, Warren and Speth - were great people to work for, as were other members of the Council and the staff. A dedicated, talented group. I got to go to some interesting international meetings. One in Tbilisi, Georgia in the Soviet Union, on environmental education, sponsored by the UN and including delegations from all over the world. Another in Kenya for the United Nations Environmental Program, UNEP. I guess the most important thing I did there at CEQ and of which I am proudest...when the Carter administration came...

Q: This would be 1977.

BENNSKY: Yes. The Carter White House wanted to put out some new environmental policy initiatives. I had two I wanted to push. One of them was that the USG would for once in our lives take an in depth look at the long term environmental implications of resource uses through to the year 2000. (The original idea came from Don King who was in the environmental bureau in State.) This initiative was accepted and the Global 2000 report was completed while I was in the CEQ. This report got the attention of a lot of countries and a number issued their own. It still has an impact on what is going on in the environmental side in the US and around the world.

My other initiative did not make it. I felt we had so many agencies of government dealing with environmental policy that they ought to be coordinated by the Executive Branch through CEQ. There was too much turf to be defended for this one to be accepted by the Council. However, I note that the way President Clinton has elevated environmental considerations in the Executive Office and under V.P. Gore comes close to my idea.

Q: So you retired after that?

BENNSKY: Well, the offers I was getting from Personnel, returning to Saudi Arabia and then to India as Economic Counselor did not interest me. (There were several others of

even less interest.) These positions would not be interesting, it was that I was 55 and if I wanted to do anything else I had better get out and do it because it would be much more difficult to do in my 60s. If I stayed in, by the time I got out I was not going to have the time to do it. I wanted to experience work in the private sector if I could find something. So I retired.

Q: What did you do?

BENNSKY: Pretty shortly after I retired, I left in the middle of 1979 and by the fall I was working with a company called A.T. Kearney, which is a big management consulting firm headquartered in Chicago, one that started back in 1926. It had a Washington office located in Alexandria. They were in the process of putting an energy practice together and were looking for professionals with experience in energy. For the first two to three years I worked on energy; for the remaining nine to ten years of my employment by Kearney I worked on the environment. I managed a number of large energy and environmental proposals that won multimillion dollar contracts for Kearney from the Department of Energy and EPA and worked in the management of these contracts. It was a very interesting period during which I learned a lot about managing my and others time, which I wish I had been proficient in when I was managing sections abroad and at State. I also had the opportunity to work with a great bunch of professionals and to help a number of younger people get ahead.

Q: Well, George, I want to thank you very much. I appreciate this. It has been very interesting.

BENNSKY: Thank you.

End of interview